

CHAPTER NO. 629

HOUSE BILL NO. 2236

By Representative Buck

Substituted for: Senate Bill No. 2610

By Senator Springer

AN ACT to amend Tennessee Code Annotated, Title 47, relative to prepayment of loans.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 47-14-108, is amended by redesignating the existing language as subsection (a) and by adding the following as a new subsection (b):

(b)(1) Any contract for a consumer loan that

(A) Either prohibits prepayment or imposes a penalty for prepayment;
and

(B) Is not subject to the provisions of the Federal Truth in Lending Act, 15 U.S.C. § 1601 et seq. and its implementing Regulation Z, 12 C.F.R. § 226 et seq.

shall state on its face in at least ten (10) point bold type in language separated from the other language in the contract by bold print dividing lines that it cannot be prepaid or that there is a penalty for prepayment.

(2) If such contract does not comply with the provisions of subdivision (1), the provision prohibiting prepayment or imposing the prepayment penalty shall be unenforceable.

SECTION 2. The act shall take effect January 1, 2001, the public welfare requiring it, and shall not apply to or affect contracts executed prior to that date.

PASSED: March 20, 2000

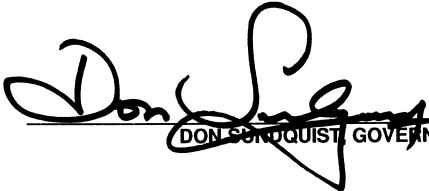


JIMMY NAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES



JOHN S. WILDER
SPEAKER OF THE SENATE

APPROVED this 5th day of April 2000



DON SUNDQUIST, GOVERNOR